

Date: March 19, 2003
To: Conservation District Procedure Manual Holders
From: Kristy McGuill, Contracts Specialist
Subject: Revision 57 – Includes Changes to Section 360

Summary of this revision:

1. The Overhead Budget Category Policy was revised and approved by the Conservation Commission on September 19, 2002. This revision increases the percentage that a district may charge to a grant for overhead costs from 15% to 25%. This policy goes into effect July 1, 2003.
2. The Grant Contract Amendment Policy was revised and approved by the Conservation Commission on March 14, 2003. This revision changes the language for grant time extensions, and is effective March 14, 2003.

This Procedure Manual Revision is available on the Commission's web site at
http://filecab.scc.wa.gov/index.html?DIR=Procedure_Manual

Instructions to Conservation District Procedure Manual Holders: This is the fifty-seventh numbered revision to the Conservation District Procedure Manual.

1. If you do not have a Procedure Manual, contact your Field Operations Manager.
2. If you are missing revisions prior to this one, contact the Commission's Olympia office.
3. Fill in the blanks after line #57 on the Index of Manual Revisions as follows:

<u>#</u>	<u>Sec.</u>	<u>Issued</u>	<u>Subject</u>	<u>Date</u>	<u>Who</u>
57	360	03/19/03	Overhead Budget Policy & Grant Contract Amendment Policy	Date Inserted	Your Initials

4. In Section 360 ADM, remove and recycle old Section 360 ADM, Part 2-D Page 1 and Part 2-E Page 1 (this is one page printed on both sides), Part 3-A Page 1 and Part 3-B Page 1 & 2 and Part 3-C Page 1 (these are two pages printed on both sides), and Part 3-E Page 1 & 2 (this is one page printed on both sides).
5. Insert the new Section 360 ADM, Part 2-D Page 1 and Part 2-E Page 1 (this is one page printed on both sides), Part 3-A Page 1 and Part 3-B Page 1 & 2 and Part 3-C Page 1 (these are two pages printed on both sides), and Part 3-E Page 1 & 2 (this is one page printed on both sides).
6. Insert this purple numbered revision cover memo behind the tab "Revisions" and in front of all other revision cover memos.

Attachments

PART 2-D AMENDMENTS/BUDGET REVISIONS

Grant Contract Amendments are numbered consecutively over the Grant Contract period. No amendment is required for administrative adjustments such as changes in addresses, phone numbers, Project Officers, supervisors, or contact persons for the District. However, such changes are to be reported to the Commission grants program in writing. *(See Appendix A)*

An Amendment signed by the Authorized Official of the Commission and an Authorized Official of the District is necessary whenever there is:

1. A revision in the Scope of Work or objectives of the project;
2. A decrease or increase in the Maximum Grant amount;
3. Whenever the Task Completion dates are changed; or
4. Whenever the Expiration Date is extended.

Time Extensions:

- a. A district requesting any grant extension that would cross a biennial line, should bring their request before the Commission for approval. The request should specifically cite which of their projects cannot take place as planned, the environmental benefit of the project and why the project has to be delayed. The Commission may choose to hear all extension requests at one specific meeting, so that the requests can be prioritized and funding managed.
- b. Grant extensions that do not cross a biennial line (or fiscal year line for General Fund State) would be reviewed and approved by the Executive Director. Reasons cited for the need to extend grants should be collected and maintained by Commission staff.

Budget Revisions The District may redistribute costs among budget objects with prior written approval of the Commission. *(See Appendix B)*. However:

1. The Overhead Category amount cannot exceed 25% of the budgeted Salaries and Benefits.
2. An Overhead Category cannot be added to the budget if an Administration Category already exists, and vice versa.
3. Redistribution may be limited by specific grant program procedures. The District will submit a Budget Revision Form signed by a person authorized to sign Grant Contract amendments (a letter of request from the District that specifies the budget object changes may be substituted for the Budget Revision Form) *(See Appendix B)*. The request must provide justification for the request and must be approved by the Commission prior to requesting reimbursement for costs based on the revision.

PART 2-E MONITORING PROJECT PROGRESS

Quarterly Report of Accomplishments The District will submit Progress Reports using the Commission's District Report of Accomplishments form. Progress Reports will be submitted on a quarterly basis unless otherwise indicated by the Commission. (See *Conservation District Procedure Manual, Section 400, pages 400-16 through 400-22*)

Regardless of when the project started, quarterly reports will cover the periods January 1 through March 31, April 1 through June 30, July 1 through September 30, and October 1 through December 31. Reports will be due within fifteen (15) days following the end of the time period being reported.

Grant Contract payments will not be made if Progress Reports are not up to date.

Final Report Districts must submit a Final Report and other closing documentation required by the Commission within 45 days after the Expiration Date. A final payment will not be made until the Final Progress Report and other required documentation are received.

Reporting Significant Developments Events with significant impact on the project may occur between progress reports. The District must inform the Commission as soon as any of the following situations are known:

1. Any problems, delays or adverse conditions which will materially affect their ability to meet project objectives, time schedules or project tasks within the established time periods. This disclosure will be accompanied by a statement of the action taken or proposed and any assistance needed from the Commission to resolve the situation.
2. Favorable developments that enable the District to meet schedules or objectives sooner or at less cost than anticipated, or that produce more beneficial results than originally planned.
3. Any changes in project staff or contractors.

PART 3 - ELIGIBLE COSTS

PART 3-A DEFINITION OF ELIGIBILITY

Eligible Cost means a project cost that meets all eligibility criteria established in the terms of the Grant Contract. If a cash expenditure is eligible, this implies that it will be reimbursed, in whole or in part, with state funds. If an in-kind contribution is eligible, a District may use it to meet the match requirement. The Commission will reimburse the District only for costs that are allowable and eligible under the Grant Contract. Only eligible cash expenditures are reimbursable, in whole or in part, with state funds. Only eligible in-kind contributions and cash expenditures may be used to meet a match requirement.

Eligible costs must meet the following criteria:

1. Be allowable costs under the terms of the Grant Contract.
2. Be necessary and reasonable for proper and efficient administration of the specific grant project defined in the Scope of Work and not a general expense required to carry out the overall responsibility of the District. The Project Officer or other designated Commission staff will not approve costs which are excessive for value received or otherwise unreasonable.
3. Be authorized or not prohibited by federal, state, or local laws or regulations or the terms of the Grant Contract including the Scope of Work.
4. Conform to the Project Budget and with any other financial limitations in the terms of the Grant Contract. Costs in excess of the budget and costs which do not conform to match requirements or other restrictions are not eligible.
5. Be incurred after the effective date of the Grant Contract and before the expiration date.
6. Be net of all applicable credits (such as rebates, discounts, refunds). The amount which is eligible is the net cost after the credit is applied.
7. Be documented. Costs which are not supported by invoices, time sheets or other required documentation are not eligible.
8. Be consistent with policies and procedures that apply to other District activities. A cost is not eligible if it is computed differently than it would have been if incurred in any other District activity. Allocation of shared costs to the Grant Contract must be based on a documented cost allocation plan that is consistently applied to all funding sources.
9. Costs charged against the Grant Contract must not be charged against any other contract, subcontract, or other funding source in any past, present, or future period.
10. All payments will be subject to a final audit and the District will repay the Commission for any unauthorized or unallowable expenditures charged to the Grant Contract.

PART 3-B DIRECT COSTS AND OVERHEAD COSTS

The Commission will reimburse the District only for direct and overhead costs that are allowable under the Grant Contract.

Direct Costs are costs that can be identified specifically with a particular objective of the project, such as:

1. Compensation of employees for the time devoted to the project;
2. Cost of materials and equipment used specifically for the project;
3. Costs of services furnished for the project by a subcontractor.

Overhead Costs are those costs incurred for a common purpose and not readily identifiable with a particular objective. This includes costs incurred by the District, as well as costs incurred by others who supply goods, services or facilities to the District, such as:

1. Costs of utilities for a facility shared by a project and other District activities;
2. Costs of supervisory personnel who oversee project activities as well as other District activities; and
3. Costs of administrative personnel who process vouchers, payroll, and other accounting activities specific to this project as well as other projects or District activities.

Computing Overhead Costs A District may account for costs not clearly identified with a particular objective as an Administration Category supported by backup documentation; or utilize the overhead rate, whichever method is identified in the contract budget.

There is no universal rule for classifying certain costs as either direct or overhead; a cost may be direct with respect to some District function, but overhead with respect to the project. It is essential that each item be treated consistently throughout the project either as a direct or an indirect cost as follows:

1. The District utilizes an Administration Category in the contract budget to direct bill all allowable costs which can be identified specifically with the project. The District must compute the direct charges in the same way as the charges would be computed if the costs were related to any other District activity.
2. Districts that do not utilize an Administration Category in their contract budget may charge Overhead at an amount equal to 25% of the current voucher's salaries and benefits. That amount is intended to include all costs in the categories below, which generally are not direct billed.

Costs Included in the Overhead Rate The following costs will generally be covered by the overhead rate.

1. **Office and Operating Supplies** - Office stationery/supplies, forms, cleaning supplies, etc.
2. **Fuel Consumed** - to generate power or provide heat

3. **Small Tools and Minor Equipment** - calculators, fax machines, telephones, etc.
4. **Professional Services** – bookkeeping, accounting, janitorial, legal, etc.
5. **Communication** - basic telephone, postage, etc.
6. **Operating Rentals and Leases** - rental costs for facilities or equipment - such as buildings or copy machines that are shared among all District activities.
7. **Insurance** - fire, casualty, theft, bonds, liability, etc.
8. **Utility Services**
9. **Administrative Employee Training Expenses** - registration fees, mileage, meal per diem, lodging costs, etc.
10. **Election Expenses**
11. **Repairs and Maintenance** - labor and supplies to repair or maintain real property
12. **Miscellaneous** - subscriptions, memberships (including WACD, NACD and Area Association), printing and binding, etc.

PART 3-C MATCH REQUIREMENT

Grant programs administered by the Commission may have a match requirement. Match Requirements are indicated on the Face Sheet of each Grant Contract. Allowable Match may be prohibited or further limited under a specific grant program.

Cash Match is that portion of an eligible cash expenditure which is not reimbursed by grant funds. This includes eligible costs reimbursed by another grant, by cash donations, or by district cash. Whether from the district or donated by a third party, cash can only be used as match if it is applied to the project to support eligible cash expenditures.

In-Kind Match In-Kind Match may include contributions of time, services, materials, supplies, office space, vehicle use and other eligible grant project costs. In-Kind Match will be valued at current market price. The District will document In-Kind Match on forms provided by the Commission and submitted with Invoice Voucher Forms to the Commission. Forms developed by the District that contain the same information as the Commission forms may be substituted.

Eligible County Government In-Kind may include office space; vehicle use; services of planning, engineering, public health, and public works staff; administrative services; and other materials and services that can be clearly shown to be in direct support of the grant project.

In-Kind Time Contributions In-Kind Match may include contributions of time that directly support the grant project. Time contributed by Conservation District Supervisors, Cooperators, or Landowners, Natural Resources Conservation Service (NRCS) staff, and other professionals may be counted as In-Kind Match unless the time spent is a normal, ongoing part of their work and is unrelated to the grant project.

Cooperative Extension Agent time will be eligible as In-Kind Match, as long as the work is directly Grant Contract related and is above and beyond "regular advisory time." "Regular advisory time" is defined as follows:

1. Agent assistance and attendance at District regular meetings and annual meetings.
2. Technical assistance in agronomic subject matter to the District.

Volunteer Services Unpaid services provided to the project by individuals are valued at \$18.00 per hour or at current actual salary and benefit rates if the District submits documentation to the Commission to support a higher hourly rate.

Donated Supplies If a third party donates supplies, the contribution will be valued at the market value of the supplies at the time of the donation.

Donated Equipment, Buildings, and Land If a third party donates equipment, buildings, or land, and title passes to the District, the donated property will be treated as a use allowance and a cash expenditure incurred by the District. The amount of the use

PART 3-E CONDITIONALLY ALLOWABLE COSTS

The following costs are allowable under certain conditions. Some costs are allowable only if included in the grant application and budget submitted to the Commission or with specific prior written approval from the Commission. In such cases, the District must send a written request for approval to the Commission and receive written approval before incurring the obligation.

Construction Costs Construction costs are eligible only if 1) the construction is part of a pilot or demonstration project, 2) public benefit outweighs individual gain; and 3) the construction project was included in the grant application Scope of Work and Budget. A request for reimbursement of construction costs must include:

1. A signed subcontract for construction awarded based on a competitive bid process;
2. Documentation of the competitive bid process;
3. Written approval of construction design by NRCS, engineering and design approval, as required; plans and specifications approval, as required; and
4. A written contract for ongoing operation and/or maintenance of the structure(s).

Districts must submit documentation to the Commission for prior approval before construction contracts are signed or construction costs are incurred.

Construction Permits Prior to commencement of any construction, the District will secure the necessary approvals and permits required by local, state or Federal authorities having jurisdiction over the project, provide assurance to the Commission that all approvals and permits have been secured, and submit copies to the Commission.

Video Project Costs Grant funds will not be used to purchase VCRs, editing systems, or big screens. Requests for reimbursement for video cameras or to pay for video editing/production must include a description of the video project including:

1. The reason why a slide show production is not a suitable alternative;
2. Documentation of attempts to get production assistance from local cable companies;
3. An explanation of how the District will ensure the video produced is of professional quality;
4. Identification of who will edit the video and his/her training and experience in video editing; and
5. A separate line item budget for the video project.

A request for reimbursement for a video camera must include the documentation listed above and, in addition, a written contract with an experienced video photographer who will be the photographer for the project.

Video cameras purchased with grant funds will be the property of the Commission. The camera will be assigned to the District for the term of the Grant Contract. At the end of the Grant Contract period, the District may submit a written request to keep the camera to support any grant related follow up activities. The Commission may assign the camera to the District or require the District to return the camera to the Commission.

Clothing/Apparel Reimbursement for purchase of apparel necessary for employees' safety, or for public health and safety while performing job duties under a grant scope of work is an allowable expense (e.g. hard hats, protective eyewear, protective gloves, boots, and other clothing).

Reimbursement for purchase of district logo/non-logo hats, jackets, tee shirts, vests, sweatshirts, etc. is not an allowable expense for reimbursement. (Exception: if a district has an adopted, written policy for recognition awards, Basic Funding may be used for these purposes.)